

# RESTREINT UE



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 12 February 2010**

**6437/10**

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**PI 19  
WTO 37**

## **WORKING DOCUMENT**

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from:	General Secretariat of the Council
to:	Delegations
Subject :	ACTA negotiations - EU counterproposal - possible flexibility

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Delegations will find attached a comparative table drawn up by the Commission services, containing the US and EU positions regarding the Civil enforcement and the Special requirements related to the Enforcement of Intellectual property rights in the digital environment sections of ACTA and suggesting possible flexibility margins for future negotiating rounds.

This table will constitute the basis for discussions at the meeting of the Friends of the Presidency Group on 18 February 2010.



1. SECTION 1: CIVIL ENFORCEMENT

US/JP PROPOSAL (latest consolidated text 18/01/10)	EU PROPOSAL	COMMENTS/PROPOSAL
Article 2.1 Availability of Civil Procedures		
1. Each Party shall make available to right holders [US/J: civil judicial] [Mex/NZ: or administrative] procedures concerning the enforcement of any [US/J: intellectual property right] [Sing/Can/NZ: copyrights and related rights and trademarks] [Kor: as provided for in the following individual articles in this Section].		All IPR should be included in this section.
Proposed Article 2.1.2 moved to Article 2.X Injunction - Option 1	2. [EU: Those measures, procedures and remedies shall also be effective, proportionate and deterrent]	This proposal is an EU/Can/NZ proposal. It reflects TRIPS and EU acquis. <i>Needed unless this provision is moved to a proposed "general Article".</i>

Article 2.X Injunctions	Article 2.X Injunctions	
<p>Option 1: In civil judicial proceedings concerning the enforcement of [Can/NZ: copyright or related rights and trademarks] [US/J: intellectual property rights], each Party shall provide that its [US/J: judicial authorities] [NZ: competent authorities] shall have the authority to issue an order to a party to desist from an infringement, including an order to prevent infringing goods from entering into the channels of commerce [US/Aus/Kor/Mor/NZ: and to prevent their exportation].<sup>1</sup></p> <p>[CAN: Need to address statutory limitations]</p>	<p>[EU: Option 2: Each Party shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. The Parties shall also ensure that right holders are in a position to apply for an <u>injunction against intermediaries</u> whose services are used by a third party to infringe an intellectual property right.]</p>	<p>The added value compared to TRIPS and to the US/JP proposal is the possibility to apply for an injunction against intermediaries. <i>The EU considers this proposal as important as far as "intermediaries" are concerned.</i></p> <p>However, this proposal is linked to the EU proposal in Article 2.5. <i>Flexibility might be found in a new wording which could embody this Article 2.X and the two first sentences of the EU proposal in 2.5.X.</i></p>

[<sup>1</sup> Kor: A Party may comply with its obligation relating to exportation of infringing goods through its provisions concerning distribution or transfer.]

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Article 2.2 Damages	Article 2.2 Damages	
<p>1. Each Party shall provide that:</p> <p>(a) in civil judicial proceedings, [US/J: its judicial authorities] [Mex/NZ: or competent authorities] [EU/NZ: on application of the {EU: injured party} {NZ:right holder}] shall have the authority to order the infringer [EU/NZ: who knowingly or with reasonable grounds to know, engaged in infringing activity] of [Can/Sing/NZ: copyright or related rights and trademarks] [US/J: intellectual property rights] to pay the right holder</p> <p>(i) damages adequate to compensate for the [EU: actual] injury the right holder has suffered as a result of the infringement<sup>2</sup>; or [EU: ø]</p>	<p>1. Each Party shall provide that:</p> <p>(a) in civil judicial proceedings, its judicial authorities [EU: on application of the injured party] shall have the authority to order the infringer [EU: who knowingly or with reasonable grounds to know, engaged in infringing activity] of intellectual property rights to pay the right holder</p> <p>(i) damages adequate to compensate for the [EU: actual] injury the right holder has suffered as a result of the infringement<sup>3</sup>; or [EU: delete "or"]</p>	<p><i>In general the EU comments in this article are important. Little flexibility for the negotiation.</i></p> <p><i>This bracket might be withdrawn.</i></p> <p><i>The EU considers this proposal important. In the EU, the minimum harmonisation exits for negligence and bad faith/intentional infringement. Good faith is, in some MS, taken into account as a reason for not granting damages (patent) or for low pre-established damages. However, in other MS good or bad faith are irrelevant to establish damages.</i></p> <p><i>It is the reason why the EU proposed to make this distinction and to add a §3 for the infringement in "good faith".</i></p> <p><i>Important proposal.</i></p> <p><i>The EU sticks on the concept that damage compensates all the prejudice but only the prejudice. Neither "punitive damage" nor "future prejudice" is acceptable.</i></p>

<sup>2</sup> US/Mor: In the case of patent infringement, damages adequate to compensate for the infringement shall not be less than a reasonable royalty.]  
[Sing/Aus/EU/Can/NZ: Delete US/MOR footnote]

<sup>3</sup> US/Mor: In the case of patent infringement, damages adequate to compensate for the infringement shall not be less than a reasonable royalty.]  
[Sing/Aus/EU: Delete Option US footnote].

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<p>(ii) [US/Mor/Aus/Kor/Sing: at least in the case of copyright or related rights infringement and trademark counterfeiting,] [MX: in the case of IPR infringements] the profits of the infringer that are attributable to the infringement, which may be presumed to be the amount of damages referred to in clause (i); and</p> <p>(i) [Aus/Sing/NZ/EU: <del>which may be presumed to be the amount of damages referred to in clause (i)</del>]; and</p> <p>[EU: Delete (ii) <i>as originally proposed?</i>] and move (ii) into paragraph 2.2.1(b) — Please clarify]</p>	<p>(ii) [US/Mor/Aus/Kor/Sing: at least in the case of copyright or related rights infringement and trademark counterfeiting,] the profits of the infringer that are attributable to the infringement, which may be presumed to be the amount of damages referred to in clause (i); and</p> <p>[Aus/Sing/EU: Delete of "which may be presumed to be the amount of damages referred to in clause".]</p> <p>[EU: delete (ii) and move (ii) into paragraph 2.2.1(b)]</p>	<p>Important for the EU to move (ii) into paragraph 2.2.1.b as it is criteria for evaluating damages.</p>
<p>[(iii) Can/NZ: For greater certainty, a Party may limit or exclude damages in certain special cases.]</p>		
<p>(b) in determining the amount of damages for [Can/Sing/NZ: copyright or related rights infringement] [MX: IPR] infringement [US/J: of intellectual property rights] [Can/Sing: and trademark counterfeiting], its [US/J:judicial] [NZ: competent] authorities [US/J: shall] [Aus/Can/NZ: may] consider, <i>inter alia</i>, [Can/NZ: any legitimate measure of value that may be submitted by the right</p>	<p>(b) in determining the amount of damages for infringement of intellectual property rights, its judicial authorities shall consider, <i>inter alia</i> [EU: the lost profits], the value of the infringed good or service, measured by the market price, the suggested retail price, or other legitimate measure of value submitted by the right holder, [EU: the profits of the infringer that are attributable to the infringement].</p>	<p>Important to add the two following criteria: "lost profits" and  "profits of the infringer that are attributable to the infringement" (criteria taken from article 2.2.1.a (ii)).</p>

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holder, including] [EU/Can/NZ: the lost profits], the value of the infringed good or service, measured by the market price, [Can: or] the suggested retail price [NZ: suggested retail price], or other legitimate measure of value submitted by the right holder [Can/NZ: <del>or other legitimate measure of value submitted by the right holder</del> ], [EU: the profits of the infringer that are attributable to the infringement].		
[MX: <i>Please specify the way in which the amount of the damage, particularly the scope of the “legitimate measure”</i> ] {Editorial comment: Please clarify this statement}		
2. At least with respect to works, phonograms, and performances protected by copyright or related rights, and in cases of trademark counterfeiting, in civil judicial proceedings, [EU/Can: As an alternative to paragraph 1,] each Party shall establish or maintain a system that provides [Sing/NZ: for]:  (a) pre-established damages; or [Sing: a system that provides for]	2. At least with respect to works, phonograms, and performances protected by copyright or related rights, and in cases of trademark counterfeiting, in civil judicial proceedings, [EU/Can: As an alternative to paragraph 1,] each Party shall [EU/Can: may] establish or maintain a system that provides:  (a) pre-established damages; or  (b) presumptions for determining the amount	<i>Important to keep this paragraph optional.</i>

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b) presumptions for determining the amount of damages <sup>4</sup> sufficient [US/Can: to constitute a deterrent to future infringements and] to constitute a deterrent to future infringements and] to compensate [US: fully] the right holder for the harm caused by the infringement. <sup>5</sup>	of damages <sup>6</sup> sufficient [US/Can: to constitute a deterrent to future infringements and] to compensate [US/Can: fully] the right holder for the harm caused by the infringement. <sup>7</sup>	<i>Footnote on "lump sum": Flexibility - if the inclusion of the verb "may" is important, the EU may re-consider its example, added under (iii).</i>
3. Each Party shall provide that the right holders shall have the right to choose the system in paragraph 2 as an alternative to the damages in paragraph 1.  [US: will propose editorial changes at upcoming round to clarify the language] [Aus/Mex/NZ: Delete paragraph 3.]	3. [EU: Where the infringer did not knowingly, or with reasonable grounds knows, engage in infringing activity, each Party may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.]	<i>It is important to keep this paragraph to guaranty the coherence of the EU proposal even if this proposal is only optional.</i>

<sup>4</sup> Such measures [US/Sing/Can/EU/NZ: may] include the presumption that the amount of damages is (i) the quantity of the goods infringing the right holder's intellectual property right and actually assigned to third persons, multiplied by the amount of profit per unit of goods which would have been sold by the right holder if there had not been the act of infringement or (ii) a reasonable royalty [EU: or (iii) a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the intellectual property right in question].

[<sup>5</sup> US/Mor: No Party is required to apply paragraph 2 to actions for infringement against a Party or a third party acting with the authorization or consent of the Party.]

<sup>6</sup> Such measures [Option J: shall][US/Sing/Can/EU: may] include the presumption that the amount of damages is (i) the quantity of the goods infringing the right holder's intellectual property right and actually assigned to third persons, multiplied by the amount of profit per unit of goods which would have been sold by the right holder if there had not been the act of infringement or (ii) a reasonable royalty [EU: or (iii) a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the intellectual property right in question].

[<sup>7</sup> US/Mor: Neither Party is required to apply paragraph 2 to actions for infringement against a Party or a third party acting with the authorization or consent of the Party.]



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4. Each Party shall provide that its judicial [NZ: competent] authorities, except in exceptional circumstances, [EU: unless equity does not allow this], shall have the authority to order, at the conclusion of civil judicial proceedings concerning copyright or related rights infringement, patent infringement {Can/NZ: patent infringement}, or trademark infringement [EU: concerning copyright or related rights infringement; patent infringement, or trademark infringement], that the prevailing party [US/J: shall] be awarded payment by the losing party of [US/J: shall][Can: shall] be awarded payment by the losing party of [NZ: appropriate] court [{EU: reasonable and proportionate}EU/CAN/NZ: legal] costs or fees. Each Party may] also provide that its [US/J: judicial] [NZ: competent] authorities, [US/Can/Mor/MX/NZ: except in exceptional circumstances] [EU: unless equity does not allow this], [US/Can/Aus/Mor: {US/Aus/Mor: at least in proceedings concerning copyright or related rights infringement or willful trademark counterfeiting,} shall have the authority to order, [J/Can/Aus/NZ: in appropriate cases], that the prevailing party be awarded payment by the losing party of [US/J: reasonable][NZ: appropriate] attorney's fees. [US/Aus/Mor: Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to	4. Each Party shall provide that its judicial authorities, except in exceptional circumstances, [EU: unless equity does not allow this], shall have the authority to order, at the conclusion of civil judicial proceedings [US/J: concerning copyright or related rights infringement, patent infringement, or trademark infringement] [EU: concerning copyright or related rights infringement; patent infringement, or trademark infringement], that the prevailing party [US/J: shall] be awarded payment by the losing party of court [{EU: reasonable and proportionate} EU/CAN/NZ: legal] costs or fees. Each Party [US/J: shall] also provide that its [US/J: judicial] authorities, [EU: unless equity does not allow this], [US/Can/Aus/Mor: {US/Aus/Mor: at least in proceedings concerning copyright or related rights infringement or willful trademark counterfeiting,} shall have the authority to order, [J/Can/Aus/NZ: in appropriate cases], that the prevailing party be awarded payment by the losing party of [US/J: reasonable][NZ: appropriate] attorney's fees. [US/Aus/Mor: Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to	

*Important to confirm that "Legal cost" and "Attorney fees" should follow the same principal as for damages. They should be "reasonable and proportionate".*

*Flexibility: the final wording could be adapted*

<p>appropriate cases][MX: in appropriate cases], that the prevailing party be awarded payment by the losing party of [US/I: reasonable][NZ: appropriate] attorney's fees<sup>8</sup>. [US/Aus/Mor: Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party shall be awarded payment by the losing party of reasonable attorneys' fees.][Mor: fees should be left to the discretion of the judge who determine the reasonable level of these fees][EU: Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party shall be awarded payment by the losing party of reasonable attorneys' fees.]</p>	<p>order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party shall be awarded payment by the losing party of reasonable attorneys' fees.] [EU: Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party shall be awarded payment by the losing party of reasonable attorneys' fees.]</p>	

[<sup>8</sup> Kor: For greater certainty, the term "reasonable attorney's fees" is not intended to require a higher amount than the amount of "appropriate attorney's fees" under the TRIPS Article 45.2.]

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Article 2.3 Other Remedies	Article 2.3 Other Remedies	
<p>1. [US: At least] [Can: <del>At least</del>]with respect to goods that have been found to be [US/Aus/Can/Sing/Kor/NZ: pirated or counterfeit] [J/EU/MX: infringing an intellectual property right], each Party shall provide that in civil judicial proceedings, at the right holder's request, [J/Aus/EU/Can/MX/Kor/NZ: its judicial{NZ:competent} authorities shall have the authority to order that] such goods shall be [NZ: forfeited to the right holder] [US/J: destroyed], [EU/Can/NZ: recalled or definitively removed from the channel of commerce,] except in exceptional circumstances, [Can: except in <del>exceptional</del>—circumstances,]without compensation of any sort.</p>	<p>1. with respect to goods that have been found to be [J/EU/MX: infringing an intellectual property right], each Party shall provide that in civil judicial proceedings, at the right holder's request, [J/Aus/EU/Can/MX/Kor/NZ: its judicial authorities shall have the authority to order that] such goods shall be [US/J: destroyed], [EU/Can/NZ: recalled or definitively removed from the channel of commerce,] except in exceptional circumstances, without compensation of any sort.</p>	<p><i>Important (scope)</i></p> <p><i>Wide support.</i></p> <p><i>Important as it could be a pre-condition for destruction</i></p>
<p>2. Each Party shall further provide that its judicial authorities shall have the authority to order that materials and implements [J/Can/EU: the predominant use of which has been] [US/Aus/NZ: that have been used] [EU: <del>that have been used</del>] in the manufacture or creation of [J/MX/EU: infringing] goods shall be, without compensation of any sort, [US/EU/MX: promptly] [US/J: destroyed] or, [US/EU/MX/NZ: in exceptional</p>	<p>2. Each Party shall further provide that its judicial authorities shall have the authority to order that materials and implements [J/Can/EU: the predominant use of which has been] [US/Aus/NZ: that have been used] [EU: <del>that have been used</del>] in the manufacture or creation of [J/MX/EU: infringing] goods shall be, without compensation of any sort, [US/EU/MX: promptly] [US/J: destroyed] or, [US/EU/MX/NZ: in exceptional</p>	<p>Destruction of materials and implements is a TRIPS + provision</p> <p><i>Important to set limits.</i></p>

related rights or trademarks ] shall be, without compensation of any sort, [US/EU/MX: promptly][Aus: promptly] [Can: without undue delay][NZ: forfeited to the right holder] [US/J: destroyed] or, [US/EU/MX/NZ: in exceptional circumstances,][Aus: in exceptional circumstances,] disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.	circumstances,] disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.	
[Sing/Can: Request clarification of "manufacture" relative to "creation" in the context of this provision.]		
3. In regard to counterfeit trademarked goods, the simple removal of the trademark unlawfully affixed shall not be sufficient [J/Aus/Can/MX.: other than in exceptional cases,] to permit the release of goods into the channels of commerce.		
	[4. EU: The {NZ: Each Party shall further provide that its} [EU/NZ: judicial authorities shall {NZ: have the authority to} EU/NZ: order that those measures be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.]	Important to keep this proposal. (costs under the burden of the infringer).
	[5. {EU/Can : In ordering those measures,	



scale] [J: in the form as prescribed in its applicable laws and regulations] that the infringer possesses or controls, [J/Can/EU/MX: where appropriate,] to the right holder or to the judicial authorities. Such information may include information regarding any person or persons involved in any aspect of the infringement and regarding the means of production or distribution channel of such goods or services, including the identification of third persons involved in the production and distribution of the infringing goods or services or in their channels of distribution. [Can: For greater clarity, this provision does not apply to the extent that it would conflict with common law or statutory privileges, such as legal professional privilege.]	any aspect of the infringement and regarding the means of production or distribution channel of such goods or services, including the identification of third persons involved in the production and distribution of the infringing goods or services or in their channels of distribution.	
<i>[Aus/NZ: Supports deletion of this Article.]</i> <i>[MX: It should be considered to have flexibility concerning administrative remedies, as stipulated in Article 199 bis 1.]</i>		
Article 2.5 Provisional Measures	Article 2.5 Provisional Measures	
[X. EU: Each Party shall provide that	[X. EU: Each Party shall provide that its	This proposal is linked to the EU proposal in Article

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<p>its judicial authorities shall have the authority, at the request of the applicant, to issue an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right. An interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right. Each Party shall also provide that provisional measures may be issued, even before the commencement of proceedings on the merits, to preserve relevant evidence in respect of the alleged infringement. Such measures may include <i>inter alia</i> the detailed description, the taking of samples or the physical seizure of documents or of the infringing goods.]</p>	<p>judicial authorities shall have the authority, at the request of the applicant, to issue an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right. <u>An interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right.</u> Each Party shall also provide that provisional measures may be issued, even before the commencement of proceedings on the merits, to preserve relevant evidence in respect of the alleged infringement. Such measures may include <i>inter alia</i> the detailed description, the taking of samples or the physical seizure of documents or of the infringing goods.]</p>	<p>2.X (Injunction). <i>Flexibility might be found in a new wording which could embody the two first sentences of this article 2.5.X and Article 2.X.</i></p> <p>The added value compared to TRIPS and to the US/JP proposal is the possibility to apply for an injunction against intermediaries. <i>EU considers this proposal as important as far as "intermediaries" are concerned.</i></p>
<p>OPTION1 [1. US/EU/Sing: Each Party shall provide that its judicial authorities shall act expeditiously on requests for provisional measures <i>inaudita altera parte</i>] [US/EU: , and shall endeavor to make a decision on such requests {US: within ten days}{EU: without delay}, except in exceptional cases.]</p>	<p>OPTION1 [1. US/EU/Sing: Each Party shall provide that its judicial authorities shall act expeditiously on requests for provisional measures <i>inaudita altera parte</i>] [US/EU: , and shall endeavor to make a decision on such requests {US: within ten days}{EU: without delay}, except in exceptional cases.]</p>	<p><i>Important to not be imposed a strict time frame (10 days). No flexibility</i></p>

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<p>OPTION 2 [1. J: Each Party shall ensure that, where proceedings for provisional measures are conducted <i>inaudita altera parte</i>, the {J: judicial}{MX: competent} authorities shall expeditiously make a decision on the request for provisional measures.]</p> <p>OPTION 3 [1. Can/Aus/Kor/NZ: Each Party's authorities shall act on requests for {Can/Aus: relief}{Kor/NZ: provisional measures} <i>inaudita altera parte</i> {Can: without undue delay} {Kor/Aus/NZ: expeditiously} in accordance with the Party's judicial rules.]</p>	
<p>2. [US//NZ/MX: In civil {US/J: judicial}{NZ: or administrative} proceedings {MX: or administrative remedies} concerning copyright or related rights infringement and trademark counterfeiting{NZ: infringement}], [EU: <del>In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting</del>, each Party shall provide that its judicial authorities shall have the authority to order [Can/NZ:, in appropriate cases,] the seizure or other taking into custody of suspected infringing goods, materials, and implements relevant to the act of</p>	<p>2. [EU: <del>In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting</del>, each Party shall provide that its judicial authorities shall have the authority to order the seizure or other taking into custody of suspected infringing goods, materials, and implements relevant to the act of infringement. [US/Aus/Can/NZ: and, at least for trademark counterfeiting, documentary evidence relevant to the infringement ][Sing: used to accomplish the prohibited activity ].</p> <p><i>Important to keep a wide scope.</i></p> <p><i>No particular opposition to this US/Aus/Can/NZ proposal as it is "at least..."</i></p>



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<p>infringement [US/Aus/Can/NZ: and, at least for trademark counterfeiting, documentary evidence relevant to the infringement ][Sing: used to accomplish the prohibited activity ].</p> <p><i>[MX: Clarify that "custody" in provision is intended to prevent an infringement and preserve evidence. ]</i></p>		
<p>3. Each Party shall provide that its [US/J: judicial][MX: competent] authorities have the authority to require the plaintiff, with respect to measures, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the plaintiff's right is being infringed or that such infringement is imminent, and to order the plaintiff to provide a reasonable security or equivalent assurance sufficient to protect the defendant [EU/Can: ensuring compensation for any prejudice suffered when the measure is revoked or lapses due to any reason,] and to prevent abuse, [US/J: and so as not to unreasonably deter recourse to such procedures] [Can: and so as not to unreasonably deter recourse to such procedures].</p>	<p>3. Each Party shall provide that its [US/J: judicial] authorities have the authority to require the plaintiff, with respect to provisional measures, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the plaintiff's right is being infringed or that such infringement is imminent, and to order the plaintiff to provide a reasonable security or equivalent assurance set at a level sufficient to protect the defendant [EU/Can: ensuring compensation for any prejudice suffered when the measure is revoked or lapses due to any reason,] and to prevent abuse, [US/J: and so as not to unreasonably deter recourse to such procedures]</p>	

<i>[NZ: Delete this paragraph.]</i>		
	<p>[4. EU/Can: Each Party shall ensure that the provisional measures referred to in paragraphs 1, 2 and 3 are revoked or otherwise cease to have effect, upon request of the defendant, if the applicant does not institute proceedings leading to a decision on the merits of the case before the competent judicial authority, either within a reasonable period to be determined by the judicial authority if the laws of a Party so permit or within a period not exceeding 20 working days or 31 calendar days.]</p> <p><i>[NZ: Delete this paragraph.]</i></p>	<p>Already exist in TRIPS <i>Possible flexibility</i></p>

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## 2. SECTION 4: SPECIAL MEASURES RELATED TO TECHNOLOGICAL ENFORCEMENT MEANS AND THE INTERNET

US/JP PROPOSAL (latest consolidated text 18/01/10)	EU PROPOSAL	COMMENTS/PROPOSAL
<p>[US/AUS : ARTICLE [2.17] {MX: 2.18}: ENFORCEMENT PROCEDURES IN THE DIGITAL ENVIRONMENT</p> <p>[CAN: Expressed concern with disparity between section title and scope of content of section] [J: The title should be decided after the completion of the substantive discussion.]</p>		<p><i>EU supports the JP comment to come back to the title of the Section and of the Article after the completion of the substantive discussion.</i></p>
<p>1. Each Party shall ensure that enforcement procedures, to the extent set forth in the civil and criminal enforcement sections of this Agreement, are available under its law so as to permit effective action against an act of [US: trademark {AUS: infringement}, copyright or related rights][J/EU: intellectual property rights] infringement which takes place [US: by means of the Internet][EU: in the digital environment]</p>	<p>1. Each Party shall ensure that enforcement procedures, to the extent set forth in the civil and criminal enforcement sections of this Agreement, are available under its law so as to permit effective action against an act of [J/EU: intellectual property rights] infringement which takes place [EU: in the digital environment] , including [US: expeditious remedies] to prevent [US/EU: infringement and remedies which constitute a deterrent {EU:<sup>10</sup>} to further infringement]</p>	<p><i>Important (scope)</i></p> <p><i>Important: It should cover offline and online, which is the "digital world".</i></p> <p>Footnote on "deterrent": <i>Flexibility: This footnote is not</i></p>

<p>, including [US: expeditious remedies][MX: measures] to prevent [US/EU: infringement and remedies which constitute a deterrent {EU:<sup>9</sup>}to further infringement][MX: or deter such infringements.] [EU: Those measures, procedures and remedies shall also be fair and proportionate.]</p> <p>[CH: Switzerland understands that in Para. 1 the terms “expeditious remedies” refers to the language used in Article 41 of the TRIPS Agreement and that, accordingly, provisional measures (preliminary/interlocutory injunctions) available under national law are considered qualifying as “expeditious remedies” under this provision.]</p> <p>[CAN: Seeks clarification of the scope of “related rights” (should be consistent with both Criminal and Civil Enforcement Chapters). This holds for all instances of “related rights” in this section.]</p> <p>[J: Japan supports overall concept of Paragraph 1. However, it should be noted that infringement of intellectual property rights other than trademark, copyright or</p>	<p>[EU: Those measures, procedures and remedies shall also be fair and proportionate.]</p> <p>[EU: see identical comment on the draft Chapter 2, Section 1 "Civil Enforcement" and Section 3 "Criminal Enforcement". A suggestion is to move these provisions into 'Chapter 1, Section A which applies to the whole Agreement. Direct reference to TRIPS might also clarify the scope of these obligations ]</p>	<p>necessary.</p> <p><i>Important but the EU suggests to move this provision into the proposed general introductory Article.</i></p>
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<sup>9</sup> [EU: For the purpose of this section, the term deterrent is to be understood in accordance with Parties legal system.]

<sup>10</sup> [EU: For the purpose of this section, the term deterrent is to be understood in accordance with Parties legal system.]

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related rights on the Internet is also a serious problem. Thus, infringement which takes place by means of the Internet should not be limited to that of trademark and copyright or related rights.] [EU: see identical comment on the draft Chapter 2, Section 1 "Civil Enforcement" and Section 3 "Criminal Enforcement". A suggestion is to move these provisions into 'Chapter 1, Section A which applies to the whole Agreement. Direct reference to TRIPS might also clarify the scope of these obligations ]		
2. Without prejudice to the rights, limitations, exceptions, or defenses to [{J: patent, industrial design, trademark and}] {US: copyright or related	2. Without prejudice to the rights, limitations, exceptions, or defenses to [EU: intellectual property rights] infringement available under its law, including with respect	<i>Important:</i> This paragraph establishes the principal of 1/3 Party Liability.  <u>Definition of TPL in the footnote (14): <i>Important to</i></u>

rights)][EU: intellectual property rights] infringement available under its law, including with respect to the issue of exhaustion of rights, each Party [US: confirms that] [CH: shall provide for] [US/J: civil remedies {J: <sup>11</sup> }] [MX: administrative, civil or penal actions], as well as limitations, exceptions, or defenses with respect to the application of such [US: remedies] [MX: actions], are available in its legal system in cases of third party liability <sup>12</sup> for [{J: patent,	to the issue of exhaustion of rights, each Party [US: confirms that] [US/J: civil remedies ], as well as limitations, exceptions, or defenses with respect to the application of such [US: remedies], are available in its legal system in cases of third party liability <sup>14</sup> for [EU: intellectual property rights] infringement]. <sup>15</sup>	preserve a neutral wording of the definition.  <i>The EU supports the negotiator's note to locate this provision in the civil enforcement section.</i>
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<sup>11</sup> [J: For the purposes of this paragraph, “civil remedies” shall mean both damages and injunctions or either one of these]

<sup>12</sup> For greater certainty, the Parties understand that third party liability [{US: means} {AUS/NZ: may include} liability for any person who authorizes for a direct financial benefit, {US: induces through or by conduct directed to promoting} {CH: induces an} infringement, or knowingly and materially aids any act of {US: copyright or related rights} {J: ~~copyright or related rights~~} infringement by another.] [EU: refer to the concept of holding other persons other than the actual infringer liable for their involvement in the infringement.] [US: Further, the Parties also understand that the application of third party liability may include consideration of exceptions or limitations to exclusive rights that are confined to certain special cases that do not conflict with a normal exploitation of the {EU: service or of the product or in the case if copyright of the} work, performance or phonogram, and do not unreasonably prejudice the legitimate interests of the right holder, {US: including fair use, fair dealing, or their equivalents.} {EU: including fair use, fair dealing, or their equivalents} ] [J: Further, the Parties also understand that the application of third party liability may include consideration of exceptions or limitations to exclusive rights that are confined to certain special cases that do not conflict with a normal exploitation of the work, performance or phonogram, and do not unreasonably prejudice the legitimate interests of the right holder, including fair use, fair dealing, or their equivalents. ]

[CH: Further clarification is requested regarding the practical difference between the two cases of inducement referred to in this FN with “induces through or by conduct”? Case examples would be appreciated. Alternatively, Switzerland proposes [as reflected above] to delete this part and to refer to cases of inducement without any further clarification.]

[CAN: Footnote changes meaning of substance in text. Canada seeks clarification of the second part. Sentence beginning “Further....” Is redundant with respect to substance in text.]

[J: The first sentence of Footnote (1) is basically acceptable.

The second sentence refers to “three-step test” and Japan understands this rule is important, however, the reference is not appropriate because “three-step test” applies to copyright, while the scope of Paragraph 2 should not be limited to copyright or related rights. In addition, making

industrial design, trademark and}{US: copyright or related rights}}[EU: intellectual property rights] infringement. <sup>13</sup>	
<p>[J: Japan basically supports Paragraph 2 but would like to confirm or propose the matters below:</p> <ul style="list-style-type: none"><li>- “civil remedies....are available” will be implemented if a Party at least makes available either damages or injunctions. In other words, a Party is not obliged to make both damages and injunctions available.</li><li>- Infringement of rights to patent, industrial design and trademark by third parties is also a serious problem, so Japan proposes a reference to these rights.</li></ul>	

reference to a specific country such as “fair use” is inappropriate in this context. ]

<sup>13</sup> Negotiator’s Note: This provision is intended to be moved and located in the civil enforcement section. [AUS: reserves it position on this negotiator’s note and the placement of the current 2.17.1 until the civil and digital enforcement sections of Chapter Two are nearing completion.]

[EU: supports footnote 23 to move and locate paragraph 2 in the civil enforcement section]

<sup>14</sup> For greater certainty, the Parties understand that third party liability [EU: refer to the concept of holding other persons other than the actual infringer liable for their involvement in the infringement.] [US: Further, the Parties also understand that the application of third party liability may include consideration of exceptions or limitations to exclusive rights that are confined to certain special cases that do not conflict with a normal exploitation of the {EU: service or of the product or in the case of copyright of the} work, performance or phonogram, and do not unreasonably prejudice the legitimate interests of the right holder, {US: including fair use, fair dealing, or their equivalents.} {EU: including fair use, fair dealing, or their equivalents} ]

<sup>15</sup> Negotiator’s Note: This provision is intended to be moved and located in the civil enforcement section. [AUS: reserves it position on this negotiator’s note and the placement of the current 2.17.1 until the civil and digital enforcement sections of Chapter Two are nearing completion.] [EU: supports footnote 23 to move and locate paragraph 2 in the civil enforcement section]

<p>- If this paragraph is to be moved to the Civil Enforcement Section, the question on where this provision should be located in the Civil Enforcement Section should be carefully considered since the original US proposal refers to copyright or related rights while the Civil Enforcement Section basically does not limit its scope. ]</p>		
<p>3. OPTION 1 [US Each Party recognize that some persons<sup>16</sup> use the services of third parties, including online service providers,<sup>17</sup> for engaging in copyright or</p>	<p>3. [OPTION 2: EU Each Party recognize that some persons<sup>19</sup> use the services of third parties, including online service providers,<sup>20</sup> for engaging in copyright or related rights</p>	<p>Footnote 19: Clarification of the notion of person to embody "legal person". <i>Important</i> Footnote 20: it is OK for the EU. Scope: <i>Important</i></p>

<sup>16</sup> For purposes of this Article, person means a natural person or [US: an enterprise][CH/J/EU: a legal person].  
[MX: Person is already defined in Article 1 as a “natural person or juridical person” so this definition is not necessary here]  
<sup>17</sup> For purposes of this Article, online service provider and provider mean a provider of online services or network access, or the operators of facilities therefore, and includes an entity offering the transmission, routing, or providing of connections for digital online communications, between or



<p>related rights infringement. Each Party also recognizes that legal uncertainty with respect to application of {US: intellectual property rights}{AUS: copyright and related rights}, limitations, exceptions, and defenses in the digital environment may present barriers to the economic growth of, and opportunities in, electronic commerce. Accordingly, in order to facilitate the continued development of an industry engaged in providing information services online while also ensuring that measures to take adequate and effective action against copyright or related rights infringement are available and reasonable,{MX: in its legal remedies}} [EU: (a) In this respect] each Party [US: shall [EU:<sup>18</sup>][CH: may]: [CH: Switzerland considers that a mandatory provision (“shall”) providing</p>	<p>[EU: intellectual property right] infringement.</p> <p>[EU: delete and move the second and third sentences to Chapter 1 Section A.]</p>	<p>Deletion of the second and third sentences of Article 2.17.3: <i>important</i>.</p> <p>The EU proposal for the entire Paragraph 3 is now considered as a second option between the US option 1 and the JP option 3. <i>Very little flexibility</i></p>
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among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.

[CAN: Examining scope of “modification”.]

[NZ: It is unclear whether the definition of “*online service provider*” includes a person who hosts material on websites or other electronic retrieval systems that can be accessed by a user.]

[J: Japan needs to consider further whether this footnote is acceptable.]

<sup>18</sup>[ EU: The activities covered in paragraph 3(a)(i) cover the mere conduit and the activities covered in paragraph 3(a)(ii) cover respectively caching and hosting in accordance with parties legal systems.]

<sup>19</sup> For purposes of this Article, person means a natural person or [US: an enterprise] [CH/J/EU: a legal person].

<sup>20</sup> For purposes of this Article, online service provider and provider mean a provider of online services or network access, or the operators of facilities therefore, and includes an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.

<p>for limitations of liability for ISP could reduce the substantive level of protection granted by the current national legislation (and actually as it is today provided in the Swiss legislation). The proposed alternative wording thus enables Parties to provide for such limitations, without obliging them to do so.]</p> <p>[NZ: The second and third sentences of Article 2.17.3 use preambular language which would be more appropriate in the agreement’s initial provisions.</p> <p>In the third sentence of Article 2.17.3 the words “<i>in order to facilitate the continued development of an industry engaging in providing information services online</i>” provide an interpretive gloss on Article 2.17.3 which appears to go beyond the general aim of ACTA to provide a framework for the enforcement of intellectual property rights.]</p> <p>[J: It is worth considering moving 1<sup>st</sup> and 2<sup>nd</sup> sentences of paragraph 3 to the preamble of the Agreement or a political declaration to be made on announcing ACTA.]</p> <p>[EU: delete and move the second and third sentences to Chapter I Section A.]</p>	
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Footnote 22 and 23: <i>Important</i>	
(a) provide limitations <sup>21</sup> on the [US: scope of civil remedies available against an][EU: on the liability of] online service provider [EU:s] for infringing activities that occur by	(a) In this respect] each Party [US: shall [EU:22] provide limitations <sup>23</sup> [EU: on the liability of] online service provider [EU: s] for infringing activities that occur by
(i) automatic technical processes, [US: and][EU: or] [MX: <i>Define automatic technical processes</i> ]	(i) automatic technical processes, [EU: or]
(ii) the actions of the provider's users that are [US: not directed or] [EU: <del>not directed</del> ] initiated [EU: not modified] by that provider and when the provider does not select the material, [US: and][EU: or]	(ii) the actions of the provider's users that are not initiated [EU: not modified] by that provider and when the provider does not select the material, [EU: or]
(iii)[US: the provider referring or linking users to an online location,] [EU: the storage of information provided by the recipient of the service or at the request of the recipient of the service,]	(iii) [EU: the storage of information provided by the recipient of the service or at the request of the recipient of the service,]
	<i>Important</i>
	<i>New wording important. Very little flexibility in the wording</i>

<sup>21</sup> For greater certainty, the Parties understand that the failure of an online service provider's conduct to qualify for a limitation of liability under its measures implementing this provision shall not bear adversely upon the consideration of a defense by the [US: service provider][J: provider] that the [US: service][J: service] provider's conduct is not infringing or any other defense.

<sup>22</sup> [EU: The activities covered in paragraph 3(a)(i) cover the mere conduit and the activities covered in paragraph 3(a)(ii) cover respectively caching and hosting in accordance with parties legal systems.]

<sup>23</sup> For greater certainty, the Parties understand that [these limitations are not intended to harmonize the liability of online service provider, but exclude liability in certain situations.

Thus] the failure of an online service provider's conduct to qualify for a limitation of liability under its measures implementing this provision shall not bear adversely upon the consideration of a defense by the service provider that the service provider's conduct is not infringing or any other defense

<p>when, in cases of subparagraphs (ii) and (iii), the provider does not have actual knowledge of the infringement and is not aware of facts or circumstances from which infringing activity is apparent; and</p> <p>[EU: when exercising the activities as stipulated in paragraph 3(a)(ii) and/or (iii) the online service providers act expeditiously, in accordance with applicable law, to remove or disable access to infringing material or access to infringing material or infringing activity upon obtaining actual knowledge of the infringement or the fact that the information at the initial source has been removed or disabled.]</p> <p>[NZ: re: Paragraph (a)(iii): We understand this provision covers information location tools such as search engines. It is not clear how the provision or use of information location tools breaches copyright, or why third party liability should arise for the provision of such tools. We would welcome further explanation on the need to provide such a safe harbour.]</p>	<p>when, in cases of subparagraphs (ii) and (iii), the provider does not have actual knowledge of the infringement and is not aware of facts or circumstances from which infringing activity is apparent; and</p> <p>[EU: when exercising the activities as stipulated in paragraph 3(a) (ii) and/or (iii) the online service providers act expeditiously, in accordance with applicable law, to remove or disable access to infringing material or infringing activity upon obtaining actual knowledge of the infringement or the fact that the information at the initial source has been removed or disabled.]</p>	<p><i>Important. No flexibility.</i></p>
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<p>(b) condition the application of the provisions of subparagraph (a) on meeting the following requirements:</p> <p>(i) an online service provider adopting and reasonably implementing a policy<sup>24</sup> to address the unauthorized storage or transmission of materials protected by copyright or related rights [US: except that no Party may condition the limitations in subparagraph (a) on the online service provider's monitoring its services or affirmatively seeking facts indicating that infringing activity is occurring][J: except that no Party may condition the limitations in subparagraph (a) on the online service provider's monitoring its services or affirmatively seeking facts indicating that infringing activity is occurring]; and</p> <p>[NZ: New Zealand does not support the inclusion of this condition. New Zealand can, however, support the inclusion of a provision aimed at preventing a party to ACTA conditioning safe harbours on an online service provider "<i>monitoring its services or affirmatively seeking facts</i>"]</p>	<p>(b) Paragraph 3(a) shall not affect the possibility for a judicial or administrative authority, in accordance with the Parties legal system, requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility of the parties establishing procedures governing the removal or disabling of access to information</p> <p>When providers are acting accordance with this paragraph 3, the Parties shall not impose a general monitoring requirement.]</p>	<p><i>Important. No flexibility.</i></p> <p><i>Important. No flexibility.</i></p>
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<sup>24</sup> An example of such a policy is providing for the termination in appropriate circumstances of subscriptions [US: and][AUS:or] accounts on the service provider's system or network of repeat infringers.

[J: The present legislation of Japan does not require an ISP to adopt and implement a "policy," so Japan is now examining how to adjust Footnote (6) to Japanese legislation or vice versa. ]

<p>indicating that infringing activity is occurring”.]</p> <p>(ii) an online service provider expeditiously removing or disabling access to material or [US: activity][MX: alleged infringement], upon receipt [US: of legally sufficient notice of alleged infringement,][MX: of an order from a competent authority] and in the absence of a legally sufficient response from the relevant subscriber of the online service provider indicating that the notice was the result of mistake or misidentification.</p> <p>except that the provisions of (ii) shall not be applied to the extent that the online service provider is acting solely as a conduit for transmissions through its system or network.]</p> <p>[CAN: Relationship is unclear between 2.17.2 (third party liability) and 2.17.3 (ISP limitation on liability). Seek clarification if paragraph 3 structure premised on infringement of ISPs.]</p>	
<p>OPTION 3</p> <p>[J: c) if a Party does not adopt the measures under subparagraphs (a) and (b), such Party shall ensure that civil remedies to compensate for damages are available against an online service</p>	<p>The JP option 3 is an alternative and a complement to option 1 (US) and to option 2 (EU).</p>

<p>provider who does not take appropriate measures such as removing or disabling access to material or activity to prevent copyright or related rights infringement initiated by its users only when:</p> <p>(i) it is technically possible to take measures for preventing the infringement, and</p> <p>(ii) the provider knows or there is a reasonable ground to know that the infringement is occurring.</p> <p>3 <i>bis</i>. Each Party shall not impose general obligation on online service providers to regularly monitor its service or affirmatively seek facts indicating infringing activity on a daily basis in order to claim the application of the provision on limitations described in paragraph 3(a) or (b).</p> <p>3 <i>ter</i>. Each Party shall enable right holders, who have given effective notification to an online service provider of materials that they claim with valid reasons to be infringing their copyright or related rights, to expeditiously obtain from that provider information on the identity of the relevant subscriber.</p> <p>3 <i>quater</i>. Each Party shall promote the</p>	
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<p>development of mutually supportive relationships between online service providers and right holders to deal effectively with patent, industrial design, trademark and copyright or related rights infringement which takes place by means of the Internet, including the encouragement of establishing guidelines for the actions which should be taken.]]</p>		
<p>[J: The current paragraph 3 proposed by the US is not consistent with Japanese legislation. Provisional texts shown here are still under examination.</p> <p>Further, the ISP Act of Japan provides the limitation on the scope of the ISPs' liability under certain circumstances but the Act limits the scope of civil damages only. That is, the ISP Act mentions nothing about availability of the injunction against an ISP and the courts decide whether the injunction order should be issued on case by case basis.</p> <p>The ISP Act of Japan does not categorize ISPs into "conduit," "hosting," "caching" or others. In addition, the Act denies civil liabilities for ISPs under the following conditions:</p> <p>(a) it is technically impossible for an ISP to take measures for preventing the transmission of information; or</p> <p>(b) an ISP does not know and does not have a reasonable ground to know that infringing activity is occurring.</p> <p>Meeting the conditions described in subparagraphs (b)(i) and (b)(ii) of US proposal are not required under the ISP Act of Japan. However, adopting and reasonably implementing a policy or removing material upon receipt of notice may be taken into consideration when courts decide whether condition (a) or (b) above is met. Therefore, there is a difference between the structure of the present ACTA draft and the ISP Act of Japan.</p> <p>Thus, Japan indicates a revision to paragraph 3. The blue sentences are added or modified by Japan to show clearly the difference between present ACTA draft and the ISP Act of Japan.</p> <p>Japan would like to clarify whether providing stricter conditions for the limitations of ISP in the Party's national law, compared to the conditions provided in the present ACTA text, will be regarded as a proper implementation of this paragraph or not.]</p>		



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4. OPTION 1	4. OPTION 1	<p><i>Important.</i> otherwise not consistent with the EU legislation.</p> <p>Footnote (27), the EU proposes to add a footnote to clarify and limit the notion of wilful conduct. The text is aligned to Art; 6.1; CISD.</p>
<p>[US: In implementing Article 11 of the <i>WIPO Copyright Treaty</i> and Article 18 of the <i>WIPO Performances and Phonograms Treaty</i> regarding [CAN/J/EU: In implementing Article 11 of the <i>WIPO Copyright Treaty</i> and Article 18 of the <i>WIPO Performances and Phonograms Treaty</i> regarding [AUS: In order to provide] [EU: Each Party shall provide] adequate legal protection [US: and effective legal remedies] [EU: and effective legal remedies] against the circumvention of effective technological measures that are used by authors, performers or producers of phonograms [CH: or any other copyright owner or owner of an exclusive</p>	<p>[EU: Each Party shall provide] <u>adequate legal protection</u> against the circumvention of effective technological measures that are used by authors, performers or producers of phonograms in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonograms, [EU: Party shall provide for civil remedies, as well as criminal penalties] in appropriate cases of wilful conduct [EU:<sup>27</sup>] , that apply to:</p>	

license] in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonograms, [US: each Party shall provide for civil remedies, as well as criminal penalties] [EU: each Party shall provide for civil remedies, as well as criminal penalties] in appropriate cases of willful conduct [EU: <sup>25</sup> ], that apply to:		
(a) the unauthorized circumvention of an effective technological measure <sup>26</sup> [US: that controls access to a protected work, performance, or phonogram] [EU: that controls access to a protected work, performance, or phonogram]; and	(a) the unauthorized circumvention of an effective technological measure <sup>28</sup> [US: that controls access to a protected work, performance, or phonogram] [EU: that controls access to a protected work, performance, or phonogram]; and	Footnote (28): the EU proposes to precise the definition of an effective TPM according to the EU acquis.
(b) the manufacture, importation, or circulation of a technology, service, device,	(b) the manufacture, importation, or circulation of a technology, service, device,	

<sup>25</sup> [EU: For the purpose of this Article, willful conduct means actual knowledge or reasonable grounds to know that he or she is pursuing the objective of circumventing any effective technological measure.]

<sup>26</sup> For the purposes of this Article, effective technological measure means any technology, device, or component that, in the normal course of its operation, [US: controls access to a protected work, performance, phonogram, or protects any copyright or any rights related to copyrights.] [EU: is controlled by the right holders through application of an access control or protection process such as encryption, scrambling, or other transformation of their works, performances or phonograms, or a copy control mechanism, which achieves the protection objective.]

[J: Japan needs to consider further whether footnote [31] is acceptable.]

<sup>27</sup> [EU: For the purpose of this Article, willful conduct means actual knowledge or reasonable grounds to know that he or she is pursuing the objective of circumventing any effective technological measure.]

<sup>28</sup> For the purposes of this Article, effective technological measure means any technology, device, or component that, in the normal course of its operation, [US: controls access to a protected work, performance, phonogram, or protects any copyright or any rights related to copyrights.] [EU: is controlled by the right holders through application of an access control or protection process such as encryption, scrambling, or other transformation of their works, performances or phonograms, or a copy control mechanism, which achieves the protection objective.]

[J: Japan needs to consider further whether footnote [31] is acceptable.]

<p>circulation of a technology, service, device, product, component, or part thereof, that is: marketed or primarily designed or produced for the purpose of circumventing an effective technological measure; or that has only a limited commercially significant purpose or use other than circumventing an effective technological measure.</p>	<p>product, component, or part thereof, that is: marketed or primarily designed or produced for the purpose of circumventing an effective technological measure; or that has only a limited commercially significant purpose or use other than circumventing an effective technological measure.</p>	
<p>[EU: 4.2 Each Party may provide for measures which would safeguard the benefit of certain exceptions and limitations to copyright and related rights, in accordance with its legislation.]</p>	<p>[EU: 4.2 Each Party may provide for measures which would safeguard the benefit of certain exceptions and limitations to copyright and related rights, in accordance with its legislation.]</p>	
<p>[CH: Swiss proposal reflects a desire by Switzerland to apply para 4 to derivative rights.]</p>		
<p>4. OPTION 2 [J:</p>		
<p>Each Party shall provide for civil remedies that apply to:</p>		
<p>(a) the importation, assignment, delivery of (i) a device (including a machine incorporating such device) or, (ii) data storage media or a machine on which a program having sole function of circumventing an effective technological measure is stored; or</p>		

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<p>(b) the provision through an electric telecommunication line, of a program having sole function of circumventing an effective technological measure. ]</p>		
<p>[J: Japan understands that the WIPO treaties do not require the Parties to implement the restriction on circumvention of access control. Thus, making reference to the WIPO treaties is inappropriate.</p> <p>The Copyright Act and the Unfair Competition Prevention Act of Japan restrict circumvention of effective technological measures under certain conditions (The Copyright Act does not restrict circumvention of access control.).</p> <p>However, these Laws do NOT provide:</p> <ul style="list-style-type: none"> <li>- a restriction on circumvention of access control itself,</li> <li>- a restriction on manufacture, importation and circulation of a technology for circumvention of access control,</li> <li>- a restriction on importation or circulation of services for circumvention of access control,</li> <li>- a restriction on manufacture of devices for circumvention of access control, and</li> <li>- criminal penalties for circumvention of access control or any related acts, such as manufacturing of or trafficking in devices for circumvention of access control.</li> </ul> <p>Therefore, Japan is now examining how to fix the difference between its legislation and present ACTA draft, with due regard to maintaining a balance between the rights of authors and the larger public interest, e.g. education, research, and cannot provide definitive comments on Paragraph 4 at this time. Japan reserves the right to make further comments on Paragraph 4.</p> <p>Japan would like to know from the US or other countries which adopt a restriction on circumvention of access control, the concrete example and data and background of the legislation. That is, amount of harm by circumvention of access control, how effective the legal remedy against the circumvention of access control was (e.g. shrinkage of harm, number of litigation cases, what kind of major actions were ceased in terms of copyright protection perspective.). ]</p>		

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[5. Each Party shall provide [US: that a ] [EU: adequate legal protection against a ] violation of a measure implementing paragraph (4) [US: is a separate civil or criminal offense,] [EU: is a separate civil or criminal offense,] independent of any infringement of copyright or related rights. <sup>29</sup> Further, [US: each Party may adopt exceptions and limitations to measures implementing {US: subparagraph (4)}{J: paragraph 4} so	[5. Each Party shall provide [US: that a ] [EU: adequate legal protection against a ] violation of a measure implementing paragraph (4) [US: is a separate civil or criminal offense,] [EU: is a separate civil or criminal offense,] independent of any infringement of copyright or related rights. <sup>31</sup> Further, [ [EU: each Party may provide for measures which would safeguard the benefit of certain exceptions and limitations to copyright and related rights, in accordance with its legislation.] <sup>32</sup>	<p>The EU considers this paragraph useless because:</p> <ul style="list-style-type: none"> <li>the first sentence is not necessary as we have adequate legal protection in paragraph 4 and</li> <li>the second sentence is merged into the second sentence of the new paragraph 4.2.</li> </ul> <p>However, the EU have made some comments in case of. Including comments on the footnote (32) regarding interoperability.</p>

<sup>29</sup>[US: The] [EU: In accordance with the applicable national legislation, the] obligations in paragraphs (4) and (5) [US: are][EU: may be] without prejudice to the rights, limitations, exceptions, or defenses to copyright or related rights infringement. Further, [US: in implementing paragraph (4), no Party may][EU: paragraph (4) does not imply any obligation to] require that the design of, or the design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure, so long as the product does not otherwise violate any measures implementing paragraph (4).  
 [CAN: clarification of relationship of exceptions to access control measures.]  
 [J: Japan reserves its position on Footnote (8) because the acceptability of this Footnote depends on the scope of Paragraph 4. The current legislation of Japan does not mandate devices to respond to any particular technological measure. ]

<p>long as they do not significantly impair the adequacy of legal protection of those measures or the effectiveness of legal remedies for violations of those measures.][EU: each Party may provide for measures which would safeguard the benefit of certain exceptions and limitations to copyright and related rights, in accordance with its legislation.]<sup>30</sup></p> <p>[CH: Switzerland understands that Para 5 does not require any party to ACTA to establish specific exceptions and limitations to such measures. Since these measures are unused by authors in “connection with the exercise of their copyrights”, Switzerland provides only for one set of exceptions and limitations that provide an exemption from any liability arising from criminal prosecution or civil action under copyright as well as under the protection of such measures.]</p> <p>[NZ: The paragraphs refer to “adequate legal protection” as well as remedies,</p>	<p><i>[EU: delete paragraph 5 because the first sentence is not necessary as we have adequate legal protection in paragraph 4 and the second sentence is merged into the second sentence of the new paragraph 4.2]</i></p>	
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<sup>30</sup> Negotiator’s Note: This provision is subject to broader government action/sovereign immunity provision elsewhere in the Agreement.

<sup>31</sup>[US: The] [EU: In accordance with the applicable national legislation, the]obligations in paragraphs (4) and (5) [US: are][EU: may be] without prejudice to the rights, limitations, exceptions, or defenses to copyright or related rights infringement. Further, [US: in implementing paragraph (4), no Party may][EU: paragraph (4) does not imply any obligation to] require that the design of, or the design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure, so long as the product does not otherwise violate any measures implementing paragraph (4).

<sup>32</sup> Negotiator’s Note: This provision is subject to broader government action/sovereign immunity provision elsewhere in the Agreement.

<p>which is inconsistent the objective of ACTA to establish standards for the <u>enforcement of intellectual property rights</u> and the ACTA discussion paper. In particular, we note that the discussion paper only refers to parties providing “remedies against circumvention of technological protection measures used by copyright owners and the trafficking of circumvention devices.”</p> <p>New Zealand does not support protection being mandated against circumvention of TPMS where the underlying work is not protected by copyright. In particular, we do not support protection against circumvention of access control TPMS because access control is not an exclusive right given to copyright owners.]</p>	
<p>[J: Japan accepts the concept of the first sentence of Paragraph 5, which provides that the liability for the infringement of copyright or related rights and the circumvention of effective technological measures are separate from and independent of each other.</p> <p>Japan reserves its position on the second sentence, especially the phrases following “so long as” since we would like to examine those phrases in connection with Paragraph 4. ]</p>	
<p>[EU: delete paragraph 5 because the first</p>	

# RESTREINT UE

<p>sentence is not necessary as we have adequate legal protection in paragraph 4 and the second sentence is merged into the second sentence of the new paragraph 4.2]</p>		
<p>6. [US: In implementing Article 12 of the WIPO Copyright Treaty and Article 19 of the WIPO Performances and Phonograms Treaty on providing] [CAN: In implementing Article 12 of the <i>WIPO Copyright Treaty</i> and Article 19 of the <i>WIPO Performances and Phonograms Treaty</i> regarding] [AUS: In order to provide] adequate and effective legal remedies to protect [J: electronic] rights management information, [EU: In implementing Article 12 of the WIPO Copyright Treaty and Article 19 of the WIPO Performances and Phonograms Treaty on providing adequate and effective legal remedies to protect rights management information] each Party shall provide [US: for civil remedies, as well as criminal penalties][EU: adequate legal protection to protect electronic rights management information] in appropriate cases of willful [EU:]<sup>33</sup></p>	<p>6. [EU: In implementing Article 12 of the WIPO Copyright Treaty and Article 19 of the WIPO Performances and Phonograms Treaty on providing adequate and effective legal remedies to protect rights management information] each Party shall provide [EU: adequate legal protection to protect electronic rights management information] in appropriate cases of willful [EU:]<sup>35</sup> conduct, that apply to any person performing any of the following acts knowing that it will induce, enable, facilitate, or conceal an infringement of any copyright or related right:</p> <p>(a) to remove or alter any [AUS/J/EU: electronic] right management information<sup>36</sup></p> <p>(b) to distribute, import for distribution, broadcast, communicate, or make available to the public, copies of works, performances, or phonograms, knowing that [AUS/J/EU: electronic] rights management information</p>	<p><i>Important.</i> otherwise not consistent with the EU legislation.</p> <p>Clarification of the notion of wilful conduct in the footnote (35) according to the EU legislation and WIPO (Art; 12 WPT and Art; 19 WPPT)</p>

<sup>33</sup> [EU: For the purpose of this Article, willful conduct means knowingly performing without authority any of the following acts listed under subparagraph 6 (a) or (b), if such person knows or has reasonable grounds to know that by so doing he is inducing, enabling, facilitating, or



conduct, that apply to any person performing any of the following acts knowing [J: or with respect to civil remedies having reasonable grounds to know] that it will induce, enable, facilitate, or conceal an infringement of any copyright or related right [J: covered by the treaties above]:	has been removed or altered without authority.  [EU: 6.2 Each Party may adopt appropriate exceptions to the requirements of subparagraphs (a) and (b)]	The EU suggests merging paragraph 7 into a subparagraph 2.
(a) to remove or alter any [AUS/J/EU: electronic] right management information <sup>34</sup>		

concealing an infringement of any copyright or any rights related to copyright.]

<sup>34</sup> For purposes of this Article, [J: electronic] rights management information means:

- (a) information that identifies a work, performance, or phonogram; the author of the work, the performer of the performance, or the producer of the phonogram; or the owner of any right in the work, performance, or phonogram;
  - (b) information about the terms and conditions of the use of the work, performance, or phonogram; or
  - (c) any numbers or codes that represent such information,
- when any of these items is attached to a copy of the work, performance, or phonogram or appears in connection with the communicator or making available of a work, performance, or phonogram to the public.

<sup>35</sup> [EU: For the purpose of this Article, willful conduct means knowingly performing without authority any of the following acts listed under subparagraph 6 (a) or (b), if such person knows or has reasonable grounds to know that by so doing he is inducing, enabling, facilitating, or concealing an infringement of any copyright or any rights related to copyright.]

<sup>36</sup> For purposes of this Article, [J: electronic] rights management information means:

- (a) information that identifies a work, performance, or phonogram; the author of the work, the performer of the performance, or the producer of the phonogram; or the owner of any right in the work, performance, or phonogram;
  - (b) information about the terms and conditions of the use of the work, performance, or phonogram; or
  - (c) any numbers or codes that represent such information,
- when any of these items is attached to a copy of the work, performance, or phonogram or appears in connection with the communicator or making available of a work, performance, or phonogram to the public.

<p>(b) to distribute, import for distribution, broadcast, communicate, or make available to the public [J: without authority], copies of works, performances, or phonograms, knowing that [AUS]/EU: electronic]rights management information has been removed or altered without authority.</p> <p>[EU: 6.2 Each Party may adopt appropriate exceptions to the requirements of subparagraphs (a) and (b)]</p> <p>[J: The word “electronic” should be inserted before “rights management information” in paragraph 6 because WIPO treaties explicitly confine the Contracting party’s obligations concerning RMI to providing the remedies against removing or altering electronic RMI, and other acts with the knowledge of such removing and altering. It should be noted that Article 12 of the WCT and Article 19 of the WPPT stipulate “Contracting Parties shall provide adequate and effective legal remedies against any person knowingly performing any of the following acts knowing, or with respect to civil remedies <u>having reasonable grounds to know, that will induce, enable....infringement...</u>” Thus, the</p>	
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<p>expression of this provision should be examined again in civil remedies context.</p> <p>The word “without authority” should be inserted as it is in the WCT and the WPPT.]</p>		
<p>[7. Each Party may adopt appropriate limitations or exceptions to the requirements of subparagraphs (a) and (b) of paragraph (6) [J: so long as they do not significantly impair the adequacy of legal protection or effectiveness of legal remedies against the acts of provided in that paragraph.]</p> <p>[NZ: New Zealand does not support the protection of RMIs extending to information that identifies a performance, the performer of the performance, the owner of any right in the performance, or the producer of a phonogram.]</p> <p>[J: The brackets in paragraph 7 intends to confirm that exceptions to the requirements regarding electronic RMI are permissible but they should not impair the adequacy of the restrictions stipulated in paragraph 6.]</p>	<p>[7. [EU: merge paragraph 7 with paragraph 6, in the same line as we did for paragraphs 4 and 5.]</p>	

<p>[EU: merge paragraph 7 with paragraph 6, in the same line as we did for paragraphs 4 and 5.]</p>		
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